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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

DDI-5319-82
28 June 1982MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM:

Acting National Intelligence Officer for
Western Europe

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SUBJECT: Monthly Warning Assessment: Western Europe

Spain

1. Prime Minister Calvo Sotelo in effect heads a lame-duck government, which nevertheless has a good chance of surviving until early elections are called, probably in the fall. Expectations remain that the Socialists will do very well in those elections. A new coup attempt in the interim by the military appears unlikely, but the indecisive government and the maneuvering among politicians over carving up the centrist party, the UCD, will do nothing to diminish rightist distrust of politicians. The weak Spanish government will have little flexibility to work out the few remaining difficulties in the US-Spanish defense agreement and will be inclined to take a hard line on negotiating the arrangements fleshing out Spain's recently signed membership in NATO. If the US-Spanish pact is not agreed on soon, the US could find itself faced with a new government not bound by the compromises made thus far.

West Germany

2. Support for a change in coalition partners has grown among Free Democrats and the chances have thus improved that Schmidt's government could fall within the next several months. This is still less than a sure bet, however, since FDP leader Genscher remains uncertain that his party would in fact benefit from the switch. Moreover, the CDU/CSU may believe it stands a better chance going into the 1984 elections as the opposition than after an

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insufficient time in government to stake out new policies. If the FDP and Social Democrat leaders reach an agreement on a framework for the 1983 budget by their self-imposed deadline of 7 July, the fate of the coalition will depend on the strength of adverse reaction within each party to the inevitable compromises. If these reactions can be contained, the odds will look better for the present government to last its full term.

UK-Defense Debate

3. Unless Britain's overall defense budget can be significantly increased -- which appears unlikely, the UK will increasingly be faced with choosing between maintaining, and probably augmenting, Britain's surface fleet; keeping up the commitment to the Trident program; or funding the rising costs of the BAOR -- Britain's conventional forces in Germany. It already appears that the government will reverse earlier plans for naval cutbacks, thus narrowing the effective choice to one between the nuclear deterrent and conventional defenses on the central front. Most analysts believe that, on present form, Mrs. Thatcher will favor Trident over BAOR, despite the current emphasis in NATO on the need for more, not fewer, conventional forces. The debate may be prolonged, however, and concern over adverse reactions in Europe to cutting BOAR might eventually force reconsideration in London.

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